

Agrifutures House File 699

Last Action:

**House Appropriations
Committee**

April 29, 2003

An Act relating to Iowa agricultural industry finance corporations, by providing for the assignment of an Iowa agricultural industry finance loan, and providing an effective date.



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LEGISLATIVE FISCAL BUREAU NOTES ON BILLS AND AMENDMENTS (NOBA)

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EXECUTIVE SUMMARY NOTES ON BILLS AND AMENDMENTS

HOUSE FILE 699 AGRIFUTURES

SIGNIFICANT CHANGES TO THE CODE OF IOWA

- House File 699 amends the Iowa Agricultural Industry Finance Act outlined in the Code of Iowa as follows:
 - Allows the Department of Economic Development, upon agreement between the Department and the Iowa Agricultural Finance Corporation, to accept the assignment of a loan made by the Iowa Agricultural Finance Corporation providing financing to an eligible person as a grant to the Corporation's right to payment under the Iowa Agricultural Industry Finance Loan.
 - Requires the payment made by the eligible person receiving financing from the Corporation plus loan repayments made by the Corporation to the Department of Economic Development to total the annual amount due (4.0% of the loan to the Corporation or \$1.0 million). Allows the eligible person to repay more or less than 4.0% of the Iowa Agricultural Industry Finance Loan in a given year.
 - Specifies certain conditions to be contained in the assignment agreement such as securing the payment obligation to allow the Department to enforce debt against the property of an eligible person, and prohibits the Department of Economic Development from taking any recourse against the Corporation for any amount required to be applied from the assigned loan to the Iowa Agricultural Finance Corporation Loan.
 - Prohibits the Corporation from being subject to a prepayment penalty.

DETAIL: Senate File 2415 (FY 1999 Iowa Agricultural Industry Finance Act) created the Iowa Agricultural Finance Corporation for the purpose of expanding the availability of financing to value-added agriculture in the State and allocated \$25.0 million in Motor Vehicle Use Tax receipts to the Department of Economic Development for providing a loan to the Iowa Agricultural Finance Corporation. The Corporation is required to repay \$1.0 million each year for 25 years starting in FY 2005. The repayment is to be deposited into the Road Use Tax Fund.

EFFECTIVE DATE

- This Bill take effect upon enactment.